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Chairman: Mr. Kmoníček ..... (Czech Republic)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: *Mr. Mselle*

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The meeting was called to order at 9.35 a.m.

Agenda item 59: Strengthening of the United Nations system (*continued*) (A/57/86, A/58/7/Add.5, A/58/375 and Corr.1 and A/58/395 and Corr.1)

1. **Ms. Afifi** (Morocco), speaking on behalf of the Group of 77 and China, commended the efforts of the Secretary-General aimed at further strengthening the United Nations system. The Group of 77 and China attached great importance to planning and wished to reaffirm the role of the General Assembly and the relevant intergovernmental and expert bodies, within their respective mandates, in the consideration of the planning, programming, budgeting, monitoring and evaluation process.

2. She asked how the proposals of the Secretary-General concerning improvements to the current process of planning and budgeting contained in document A/58/395 had evolved from those set out in his report on the strengthening of the United Nations: an agenda for further change (A/57/387) and requested additional information on the proposed measures to improve the process of programme performance monitoring and evaluation, in particular, a modified biennial programme performance report and improved format and timing of evaluation reports. She also wished to be provided with detailed flow charts showing the different phases of the current and proposed planning and budgeting processes and mock-ups of the medium-term plan and the budget outline incorporating the changes proposed in document A/58/395. The Group of 77 and China would like to have a clearer understanding of the various options before reaching any decision. However, it wished to emphasize that priority-setting should be based on legislative mandates, not on resources.

3. **Ms. Arce de Gabay** (Peru), speaking on behalf of the Rio Group, said that Member States must decide, on the basis of the legislative mandates and priorities they had selected, which processes they considered important for the Member States and for the efficiency of the Organization, and then determine which body should be responsible for each process. The expected results of activities must be identified and budgeted for, the relevant documents must be made easy to understand and the cost of the procedure for consideration of the medium-term plan and the programme budget must be reduced.

4. The General Assembly must be able to make informed decisions. All delegations must therefore be made aware of the real advantages that the planning and budgeting process entailed, not only from the standpoint of the Organization itself, but also from that of the participation of Member States at every stage.

5. The introduction of results-based budgeting had led to positive change, but the current format of the budget made it difficult to quantify several important activities; it should be made more concise. The planning and budgeting cycle should be updated, but efforts must be made to ensure that any new system was flexible enough to accommodate future developments. If the Secretariat was to have greater autonomy in planning and budgeting, new monitoring and accountability mechanisms would be needed.

6. The Rio Group agreed with the criticisms of the medium-term plan described in paragraphs 7 and 9 of document A/58/395, but also with the observation in paragraph 8 that the medium-term plan gave Member States a measure of assurance. If a medium-term plan was needed, its format must be decided. The Rio Group favoured a more concise plan covering shorter periods. Activities could perhaps be considered in detail at the programming stage. The Rio Group supported the suggestion in paragraph 23 of document A/58/395 that the budget outline should be expanded to include information on important programming changes, but believed that more details were needed as to how that expanded outline would be implemented in the context of the system as a whole.

7. As it had done in the discussions concerning resolution 57/300, the Rio Group advocated the use of mock-ups to illustrate the effects of the Secretary-General's proposals. The Advisory Committee on Administrative and Budgetary Questions had made the same recommendation (A/58/7/Add.5, paras. 7 and 11), and that practice might have saved time during the debate on the proposals.

8. The Rio Group agreed that too little time was devoted to evaluating the results achieved at the end of a period. That was because there were no efficient evaluation methods and because some delegations found it difficult to follow all the issues involved and could therefore not always take part in discussions.

9. The debate over the role of the Committee for Programme and Coordination (CPC) centred on whether that body or the Fifth Committee should

review programme issues. The difficulty in reaching agreement should not stand in the way of examining the function and composition of CPC. If CPC did deal with programmming matters, it should have more than simply a supervisory role. There was support for the suggestion that its members should serve in their personal expert capacities rather than as representatives of Member States.

10. **Mr. Spatafora** (Italy), speaking on behalf of the European Union, the acceding countries Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia, the associated countries Bulgaria, Romania and Turkey, and, in addition, Iceland and Liechtenstein, said that the Secretary-General's analysis — on a single-stage approach to the intergovernmental mechanism for agreeing on budgetary and programming issues and on ways to streamline and rationalize documentation to mesh with new intergovernmental working methods — was exactly what Member States had been seeking.

11. The basic structure of the General Assembly's decision-making process was sound. The European Union remained committed to General Assembly resolution 41/213; the process must be transparent and fully representative of all Member States and reflect full consideration of budget and programming issues. There was, however, a need to discuss practical matters: how productive was the intergovernmental process, and how useful had the Secretariat's documentation in its current form been. The decision-making system must exist for the common benefit and be comprehensive and comprehensible to all Member States. There must be a frank appraisal of how well existing structures served the needs of the Organization.

12. The Fifth Committee, the Advisory Committee and the Committee for Programme and Coordination (CPC) must operate efficiently. Consideration was being given to how CPC could play a stronger role in advising the General Assembly on two matters that should occupy more of its time: evaluation and monitoring. In a results-oriented culture, it was not enough to assign resources to an activity: activities must be followed up, difficulties reported and remedial action proposed. The European Union had expressed support for the proposal contained in the Secretary-General's report on strengthening of the United Nations (A/57/387) regarding action to improve monitoring and evaluation; it believed that a more prominent role for CPC would contribute to that aim.

13. A planning document was needed to help the Secretariat to fulfil the mandates agreed on by the Member States. The current format of the medium-term plan had been set out in the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation (PPBME Rules). Those rules might be too prescriptive to enable the Secretariat to link short- and medium-term objectives to the bigger picture. In addition, the current four-year time frame was awkward, because it straddled two bienniums. The European Union was willing to reduce that time frame to two years, but that would make it all the more incumbent on the General Assembly to provide a proper link to medium- and longer-term objectives.

14. The same pragmatic, empirical approach must be adopted for programming and budgetary issues. One possibility was to combine the medium-term plan with the programme budget; alternatively the medium-term plan could be more effectively harmonized with a rejuvenated budget outline to form a dual-component strategic framework. Either approach would better align programming and priority-setting with resource implications.

15. The Advisory Committee's advice was appreciated, particularly the recommendation that the Secretary-General should provide mock-ups to illustrate the revised programming and budgetary process. That would also help to clarify the Secretary-General's proposals on the future of the budget outline and on ways to improve evaluation and monitoring. The European Union hoped that the Secretariat could provide that additional material rapidly in order to help the Committee in its informal discussions so that it could arrive at a well-considered resolution by the end of the current session. It did not wish to be dogmatic, and remained open to discussion on the best way forward. However, it was important not to miss the opportunity to make long-overdue changes to the way in which the General Assembly worked.

16. **Mr. Sharma** (Nepal) said that his delegation associated itself with the statement made by the representative of Morocco on behalf of the Group of 77 and China.

17. Budgetary reform was an important ingredient of the overall reform of the Organization. The budget process had been improved over the years, but further reform remained as relevant and essential as ever. The reform proposals before the Committee deserved serious examination and a rational response.

18. A medium-term plan should not merely be a shopping list of expected activities with expedient outcomes. It must instead constitute a multi-year road map and address policy issues vital to the key objectives of the Organization. It should identify clear targets, spell out strategies and allocate scarce resources with meticulous care in the medium term in a manner that would enable the Organization to meets its long-term goals.

19. The Secretary-General's proposals that the current four-year medium-term plan should be replaced by a biennial plan and that the role of the Committee on Programme and Coordination should be revised should be considered in that context. He agreed with the Advisory Committee that those proposals required a policy decision by the General Assembly and that the possible consequences must be explored thoroughly. Two questions arose in connection with the medium-term plan: first, whether it should try to respond to the demands of the current situation and, second, whether it should try to shape the Organization's course beyond the urgency of the events at hand. In both cases, the answer was "yes".

20. Shortening the time frame of the medium-term plan would bring it closer to current realities, but that should not make strategies and responses blind to the longer term. The plan should fit in with the annual budget and targets and with long-term spending projections and goals, which were focused on fulfilling the goals set out in the Millennium Declaration. An altered medium-term plan should neither be a substitute for the annual budget nor strive to rewrite the Millennium Declaration by proxy.

21. The Secretary-General's proposal for a single-stage intergovernmental review of the medium-term plan and the programme budget must be put in perspective: his delegation did not wish to engage in micromanaging the Organization's planning and budgetary process, nor did it wish Member States to abdicate their responsibility for maintaining adequate legislative control over that process. It was in that context that the Secretary-General's proposal for a review of the functions of CPC should be approached.

22. His delegation considered the current cost of the budgetary process — around $20 million — to be high. The Committee should try to minimize costs and optimize the benefit of resources spent. The crux of the matter was not necessarily the amount involved, although that was important. The question was whether expenditure was justified by the value which it added to a particular task. In other words, his delegation would back proposals to do more with fewer resources, but it would not lend its support if lower costs meant work of lower quality.

23. The Committee must choose measures that were acceptable to all and sustainable in the long run. United Nations budgetary reform must promote transparency, a democratic culture, efficient use of resources and effective delivery of the desired outcomes. Member States must determine the policy aims and the methods used to attain them.

24. **Mr. Iosifov** (Russian Federation) said that the current budget review process was long and involved, and required great effort from Member States and from the Secretariat. The Secretariat had already taken a significant step forward by changing the format of the budget. The aim of reform was not merely to make life simpler. Changes to working methods must not weaken the ability of Member States to monitor and direct the preparation and implementation of the budget; any potential reforms must therefore be analysed thoroughly. Views on the reform of the budget process had tended to evolve, and the Secretariat and the Joint Inspection Unit had increasingly developed synergy of thinking in that regard. His delegation would examine all the proposals of the Secretary-General, the Advisory Committee and the Joint Inspection Unit. Incidentally, he wished to point out that the report of the Joint Inspection Unit differed from most Joint Inspection Unit reports in scope and scale, and represented the consensus view of all members of the Unit.

25. His delegation would take an active part in future debates, so as to encourage the adoption of a mutually acceptable decision in the shortest possible time. It advocated focusing on those potential reforms which had the greatest chance of success.

26. **Ms. Wang** Xinxia (China) said that her delegation wished to associate itself with the statement

made by the representative of Morocco on behalf of the Group of 77 and China. The proposals of the Secretary-General for improvements to the current process of planning and budgeting were an important part of his agenda for comprehensive reform. The introduction of results-based budgeting had marked the first step in the reform of the budgetary process. The proposed programme budget for the biennium 2004-2005 showed further improvements in the use of the technique with the addition of targets for the measurement of indicators of achievement. The implementation of the budget for 2004-2005 would provide an opportunity to explore new ideas and accumulate practical experience.

27. Her delegation supported efforts to streamline the budgetary process, enhance the alignment of programme activities with the priorities set by Member States and terminate ineffective outputs in a timely fashion so as to optimize resource utilization. The powers of the intergovernmental bodies with respect to programme planning, the setting of the level of the budget and resource allocation must not be compromised. However, each must focus on its area of competence in order to ensure an appropriate division of labour. Her delegation would welcome a greater role for the Committee for Programme and Coordination in monitoring and evaluation. It agreed that the submission of mock-ups would enable Member States to gain a clearer understanding of the Secretary-General's proposals.

28. The reform of the planning and budgeting process would have a direct impact on the Organization's ability to implement mandated programmes and activities; all Member States therefore had a vital stake in its success. It should be an orderly and gradual process of continuous improvement that would take fully into account both the unique nature of the work of the United Nations and the views of its Members.

29. **Mr. Halbwachs** (Assistant Secretary-General for Programme Planning, Budget and Accounts, Controller) said he had been encouraged by the positive and open attitude of the members of the Committee during the discussion on the potential changes to the budgetary process. Their comments would provide a basis for future work on the issue. The Secretariat would provide the requested mock-ups and flow charts at the Committee's informal meetings, as well as any other relevant information.

30. **Ms. Goicochea** (Cuba) said that her delegation associated itself with the statement made by the representative of Morocco on behalf of the Group of 77 and China.

31. Reform of the budgetary process should help the Organization to improve intergovernmental analysis of the programme budget and the medium-term plan. Member States must have suitable information to enable them to carry out that task.

32. Her delegation would have preferred the report of the Joint Inspection Unit on the review of the United Nations budgetary process (A/58/375 and Corr.1) to go beyond the proposals of the Secretary-General. In fact, the three options in that report differed little from the Secretary-General's proposals and a number of the shortcomings of the current system had not been addressed. That was unfortunate, particularly since the Joint Inspection Unit covered the entire United Nations system.

33. With regard to the budget outline and the incorporation of new mandates into the medium-term plan during the course of a biennium, her delegation believed that there was a lack of detail in the proposals of the Secretary-General and the Joint Inspection Unit. A careful analysis should be made of the implementation of General Assembly resolution 41/213.

34. Her delegation supported the current role of CPC. Its existing budgeting and planning functions should be consolidated, but its monitoring and evaluation role should be expanded. In resolution 55/231, the General Assembly had introduced results-based budgeting, but it was only a few years since that resolution had been adopted. She wondered whether the time was right to consider reforms as radical as those proposed by the Secretary-General and supported by the Joint Inspection Unit.

35. Her delegation believed that the medium-term plan should be the Organization's main guiding instrument. It was concerned about the proposal to link it to the budget outline. In practice, that would amount to imposing budget ceilings on programme requirements.

36. She wished to put a number of specific questions to the Secretariat. Firstly, she wondered what proposals had been made to increase the responsibility and accountability of programme managers within the

framework of the proposed changes. Secondly, she would like an explanation of the main changes proposed for the medium-term plan and the budget outline in the documents before the Committee and document A/49/301 (prototype of a new format of the medium-term plan). Thirdly, she wished to know how the shortcomings in the current medium-term plan would be addressed, particularly with regard to the incorporation of new mandates during the course of a biennium.

Agenda item 126: United Nations common system (*continued*) (A/58/30)

37. **The Chairman** said that, in accordance with General Assembly resolution 35/213 and the decision taken by the Committee at its 17th meeting, Mr. Agostino Paganini, Chairperson of the Global Staff Association of the United Nations Children's Fund, would read out a statement by the Coordinating Committee for International Staff Unions and Associations of the United Nations System (CCISUA) on behalf of Ms. Rosemarie Waters.

38. **Mr. Paganini** (Chairperson of the Global Staff Association of the United Nations Children's Fund), speaking on behalf of the Coordinating Committee for International Staff Unions and Associations of the United Nations system, said that CCISUA had participated fully in the work of the International Civil Service Commission (ICSC) at its fifty-eighth session and that its position was accurately reflected in the Commission's report (A/58/30).

39. With regard to security of staff, he said that the report of the Independent Panel on the Safety and Security of United Nations Personnel in Iraq had highlighted the appalling state of the security management system. He noted with concern the system's lack of independence and its inability to ensure compliance with even the Minimum Operating Security Standards (MOSS). He trusted that the General Assembly would heed the Panel's call for the establishment of an independent audit and accountability procedure to review the responsibilities of key individuals in the lack of preventive and mitigating actions prior to the attack on the United Nations headquarters in Baghdad on 19 August 2003. If the Organization was to retain some integrity, then those responsible must be held to account, irrespective of their position in the organizational hierarchy. He emphasized that it was not acceptable to make cost savings at the expense of staff members' security and safety.

40. Regarding the new Master Standard for job classification, CCISUA was concerned that the elimination of such elements as years of experience, language skills and academic preparation would make it easier to recruit less-qualified external candidates over better-qualified internal candidates; that would pose great risks for staff in organizations where posts were advertised externally. Comparisons with corporate practices were not helpful since the private sector had the market as its ultimate arbiter whereas the United Nations did not. CCISUA endorsed the view of some members of the Commission that the reform of the Professional category should be completed first to ensure that the Master Standard initiative was viable before it was extended to the General Service category. Caution should be exercised in undertaking such a project, given the likely impact on the application of the Flemming principle.

41. Regarding broadbanding and performance pay, CCISUA emphasized that human resources management reform must provide for the recruitment and promotion of staff members on the basis of their skills and competencies. In addition, a career development programme must be in place in order to motivate staff. A successful broadbanding pilot would require a credible performance appraisal system. However, neither managers nor staff were satisfied with the current system, which was widely regarded as cumbersome, time-consuming, and inefficacious. CCISUA could support pay for performance providing that goals were clear and measurable and a full management review was undertaken. It was important, when the General Assembly considered such issues, for the views of managers to be taken into account, even where they differed from those of the Office of Human Resources Management.

42. CCISUA supported three basic types of contracts in the United Nations common system: permanent/indefinite (or career), fixed-term and temporary. The permanent/indefinite contract should be clearly identified and its terminology standardized across the system in order to reduce confusion. The phasing out of permanent contracts would be contradictory to the ongoing purpose of national competitive examinations, while the practice of extending staff on a short-term basis over long periods

encouraged favouritism. Permanent contracts were the best way of maintaining the independence of the Secretariat and ensuring greater competitiveness for the common system. Contractual arrangements should therefore be developed to match the needs of the organization and, at the same time, respect individual staff needs and rights.

43. There was a need to provide a well-designed framework for mobility in order to open up career opportunities for staff members. The current policy, however, was unfair since not all functions lent themselves to mobility. Linking promotion to mobility would be disruptive, with staff moving frequently between posts. Moreover, organizations would incur considerable expenses for training, relocation and indemnities. Noting that there should be balanced mobility between organizations of the common system, he asked whether it was the case that there was currently more mobility from the specialized agencies to the United Nations than the other way round and whether there were any specific administrative instructions governing mobility in the agencies as there were in the United Nations Secretariat. In duty stations where several agencies had headquarters or offices, the question of inter-agency mobility of staff members in the General Service category should also be considered. Currently, those staff members had no possibility of transferring to another organization, a situation that was detrimental to all. A study of General Service mobility should be undertaken.

44. He expressed support for the increase in the level of hazard pay for locally recruited staff. It was unacceptable to differentiate between international and local staff in granting hazard pay, since the latter were often at particular risk. Concerning the eligibility for hazard pay of area staff of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), CCISUA endorsed the position of the Federation of International Civil Servants' Associations (FICSA).

45. Regarding the evolution of the United Nations/United States net remuneration margin, he expressed disappointment with the decision of the General Assembly to grant no salary increase to the lower Professional grades in 2003 and called for action to restore salaries in those grades to the appropriate level. The granting of a salary increase to the higher-level Professional grades was not justified given the leadership crisis in the organizations.

46. CCISUA had worked closely with the Commission during the current round of surveys of best prevailing conditions of employment at headquarters and non-headquarters duty stations. Some issues, however, should have received more attention, including the fairer application of the Flemming principle in determining remuneration and conditions of employment and the quantification of hidden benefits provided by comparators in both the private and public sectors, while other issues, such as the increase in the number of comparators in some non-headquarters duty stations had not been resolved in the best interests of staff. The Commission should ensure that the methodology for the next survey round was flexible enough to accommodate appropriately the peculiar circumstances of a given labour market and work environment.

47. Lastly, he urged the Committee to take account of the views of staff members, who were the organizations' best investments.

Agenda item 121: Proposed programme budget for the biennium 2004-2005 *(continued)*

Administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission for 2003 (A/58/7/Add.2 and A/58/378)

48. **Mr. Berridge** (Officer-in-Charge of the Policy Coordination Unit, Office of Programme Planning, Budget and Accounts), introducing the statement by the Secretary-General on the administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission for 2003 (A/58/378), said that the Commission, at its fifty-seventh session, had upheld its previous decision that the level of hazard pay granted to locally recruited staff should be increased to 30 per cent of the midpoint of the local salary scale with effect from 1 January 2004. The annual financial implications of the Commission's decision for the United Nations common system as a whole were estimated at $2.7 million. The annual financial implications for the United Nations regular budget were estimated at $887,000. For the biennium 2004-2005, the related costs arising from the modification of the benefit would amount to $1,774,000. Those requirements would be accommodated within the common staff costs

provision in the proposed programme budget currently before the General Assembly.

49. **The Chairman** said that the related report of the Advisory Committee was contained in document A/58/7/Add.2.

Other matters

50. **Mr. Farid** (Saudi Arabia) said that it had come to his attention that the data on Saudi Arabia's total and average per capita gross national income (GNI) submitted to the Fifth Committee during the informal consultations on the scale of assessments for the apportionment of the expenses of United Nations peacekeeping operations differed substantially from those provided by the Statistics Division of the Department of Economic and Social Affairs to the Committee on Contributions. Indeed, there was no consistency between any of the figures listed for total and average per capita GNI for any year of the six-year base period used for determining the peacekeeping scale for 2004-2006. He expressed deep concern about the discrepancies and requested the Secretariat to provide written clarification in informal consultations that afternoon.

51. **The Chairman** said that the Secretariat had taken note of the request.

The meeting rose at 10.45 a.m.